

**Iowa Judicial Retirement System**  
**Annual Report**  
**On Iran Divestment**  
**For The Fiscal Year Ended June 30, 2012**

**Purpose**

This is the first annual report required by Iowa Code Chapter 12H regarding restrictions on Iran-related investments by the Iowa Judicial Retirement System (JRS). In response to the support that Iran has provided for acts of international terrorism, the General Assembly passed HF484, which places restrictions on investments in certain companies that have active business operations in Iran. Effective beginning March 1, 2012, this law intends for state funds not to be invested in companies that provide power production-related services, mineral extraction activities, oil-related activities, or military equipment to the government of Iran.

Chapter 12H applies to JRS in the following ways:

The system must identify and make available to the public a quarterly updated list of scrutinized companies, which have active or inactive business operations in Iran. JRS uses the research services of IW Financial, Inc. to assist in developing the list of scrutinized companies to comply with this requirement.

JRS is prohibited from directly investing in scrutinized companies with active business operations listed on the most current quarterly list. The fund is also required to eventually divest from any company with active business operations that were directly held by the fund as of March 1, 2012, after sending written notification to the company.

Any company owned indirectly through a fund is not subject to divestment, but still requires that JRS send written notification. Further, JRS is required to send written correspondence to the investment managers of funds with scrutinized company holdings urging the managers to divest of the scrutinized companies or start a separate fund free of Iran-related holdings.

**Scrutinized Companies List**

JRS' FY 2012 quarterly scrutinized company list is attached. As of June 30, 2012, JRS had direct holdings in Honeywell, BP Capital Markets, and Petroleo Brasileiro. Since Iowa Code Chapter 12H allows 18 months to divest of direct holdings, the investment managers have until August 2013 to divest of these holdings. JRS did not have any indirect holdings as of June 30, 2012.

**Written Notices**

During the year, JRS had direct holdings in Honeywell, BP Capital Markets, and Petroleo Brasileiro. JRS had indirect holdings in BHP Billiton plc and Petroleo Brasileiro. As per the requirements of the law, JRS

sent letters to Honeywell, BP Capital Markets, Petroleo Brasileiro, and BHP Billiton plc, urging them to cease all active business operations in the country of Iran.

A letter was also sent to investment managers, notifying them of the new divestment law. Managers that had funds containing companies with scrutinized active business operations were urged to divest of these companies or start a separate fund that JRS could invest in that would be free of any Iran-related investments.

### **Divestment**

While JRS has direct holdings of scrutinized companies, no divestment was required this year. Managers must divest of Honeywell, BP Capital Markets, and Petroleo Brasileiro by August 2013, unless these companies are removed from the list of scrutinized companies prior to August 2013.

Although indirect holdings do not require divestment, JRS did not have any indirect holdings as of June 30, 2012. During the course of the year BHP Billiton plc was removed from the scrutinized company list, and Petroleo Brasileiro was sold out of the fund that JRS was invested in.

### **Report Availability**

This report, along with any other quarterly scrutinized company list can be obtained by contacting the Treasurer's office at 515-281-8478 or [jina.bresson@iowa.gov](mailto:jina.bresson@iowa.gov).

# **Iowa Peace Officers' Retirement, Accident and Disability System Annual Report**

## **On Iran Divestment**

### **For The Fiscal Year Ended June 30, 2012**

#### **Purpose**

This is the first annual report required by Iowa Code Chapter 12H regarding restrictions on Iran-related investments by the Iowa Peace Officers' Retirement, Accident and Disability System (PORS). In response to the support that Iran has provided for acts of international terrorism, the General Assembly passed HF484, which places restrictions on investments in certain companies that have active business operations in Iran. Effective beginning March 1, 2012, this law intends for state funds not to be invested in companies that provide power production-related services, mineral extraction activities, oil-related activities, or military equipment to the government of Iran.

Chapter 12H applies to PORS in the following ways:

The system must identify and make available to the public a quarterly updated list of scrutinized companies, which have active or inactive business operations in Iran. PORS uses the research services of IW Financial, Inc. to assist in developing the list of scrutinized companies to comply with this requirement.

PORS is prohibited from directly investing in scrutinized companies with active business operations listed on the most current quarterly list. The fund is also required to eventually divest from any company with active business operations that were directly held by the fund as of March 1, 2012, after sending written notification to the company.

Any company owned indirectly through a fund is not subject to divestment, but still requires that PORS send written notification. Further, PORS is required to send written correspondence to the investment managers of funds with scrutinized company holdings urging the managers to divest of the scrutinized companies or start a separate fund free of Iran-related holdings.

#### **Scrutinized Companies List**

PORS' FY 2012 quarterly scrutinized company list is attached. As of June 30, 2012, PORS has an indirect holding in Honeywell through an index fund. PORS did not directly hold any companies from the quarterly divestment list.

#### **Written Notices**

During the year, PORS had indirect holdings in BHP Billiton plc, Petroleo Brasileiro, and Honeywell. As per the requirements of the law, PORS sent letters to BHP Billiton plc, Petroleo Brasileiro, and Honeywell urging them to cease all active business operations in the country of Iran.

A letter was also sent to investment managers, notifying them of the new divestment law. Managers that had funds containing companies with scrutinized active business operations were urged to divest of these companies or start a separate fund that PORS could invest in that would be free of any Iran-related investments.

**Divestment**

As PORS did not have any direct holdings of scrutinized companies, no divestment was required. Indirect investments do not require divestment.

During the course of the year BHP Billiton plc was removed from the scrutinized company list. Petroleo Brasileiro was sold out of the fund that PORS was invested in. Therefore, PORS' only indirect holding was in Honeywell as of June 30, 2012.

**Report Availability**

This report, along with any other quarterly scrutinized company list can be obtained by contacting the Treasurer's office at 515-281-8478 or [jina.bresson@iowa.gov](mailto:jina.bresson@iowa.gov).

**Iowa State Operating Fund  
Annual Report  
On Iran Divestment  
For The Fiscal Year Ended June 30, 2012**

**Purpose**

This is the first annual report required by Iowa Code Chapter 12H regarding restrictions on Iran-related investments by the Iowa State Operating Fund (SOF). In response to the support that Iran has provided for acts of international terrorism, the General Assembly passed HF484, which places restrictions on investments in certain companies that have active business operations in Iran. Effective beginning March 1, 2012, this law intends for state funds not to be invested in companies that provide power production-related services, mineral extraction activities, oil-related activities, or military equipment to the government of Iran.

Chapter 12H applies to SOF in the following ways:

The system must identify and make available to the public a quarterly updated list of scrutinized companies, which have active or inactive business operations in Iran. SOF uses the research services of IW Financial, Inc. to assist in developing the list of scrutinized companies to comply with this requirement.

SOF is prohibited from directly investing in scrutinized companies with active business operations listed on the most current quarterly list. The fund is also required to eventually divest from any company with active business operations that were directly held by the fund as of March 1, 2012, after sending written notification to the company.

Any company owned indirectly through a fund is not subject to divestment, but still requires that SOF send written notification. Further, SOF is required to send written correspondence to the investment managers of funds with scrutinized company holdings urging the managers to divest of the scrutinized companies or start a separate fund free of Iran-related holdings.

**Scrutinized Companies List**

SOF's FY 2012 quarterly scrutinized company list is attached. As of June 30, 2012 SOF does not hold, either directly or indirectly, any companies on the list of scrutinized companies.

**Written Notices**

During the year, SOF had a direct holding in BHP Billiton Finance. As per the requirements of the law, SOF sent a letter to BHP Billiton Finance, urging the company to cease all active business operations in the country of Iran.

**Divestment**

During the course of the year BHP Billiton Finance was removed from the scrutinized company list. Therefore, no divestment was needed.

**Report Availability**

This report, along with any other quarterly scrutinized company list can be obtained by contacting the Treasurer's office at 515-281-8478 or [jina.bresson@iowa.gov](mailto:jina.bresson@iowa.gov).

## **Iran Company List – June 30, 2012**

Aban Offshore Ltd.  
Alstom  
Arabian Pipes Co  
Bharat Petroleum Corporation Ltd.  
BP plc  
Chadormalu Mineral & Ind. Co.  
China Nonferrous Metal Industry's Foreign Eng. and Const. Co. Ltd.  
China Oilfield Services  
China Petroleum & Chemical Corp  
Daelim Industrial  
Daewoo Shipbuilding & Marine Engineering  
Dietswell Engineering  
Dominion Energy PLC  
Doosan Co., Ltd  
Doosan Heavy Industries and Construction  
Edison Spa  
Exmar SA  
Gail (India) Ltd.  
Gas Natural SDG  
Gazprom  
Gazprombank OAO  
GS Engineering & Construction Corp  
GS Holdings  
Honeywell International, Inc.  
Ilyushin Aviation Complex  
Ina-Industrija Nafte DD  
Indian Oil Corporation Ltd.  
Itochu Corporation  
Johnson Matthey PLC  
JSC Gazprom Neft  
KEC International Ltd.  
Liquefied Natural Gas Ltd  
Maire Tecnimont S.p.A.  
MAN SE  
Mitsui & Co. Ltd  
MMC Corp Bhd  
MOL Magyar Olaj-es Gazipari Nyrt  
Motor Sich  
Nagarjuna Fertilizers & Chemicals Ltd.  
Oil & Natural Gas Corporation Ltd.  
Oil India Ltd  
OMV AG  
Outotec Oyj  
PetroChina Co. Ltd.  
Petrofac  
Petroleo Brasileiro S.A.

Petronet LNG Ltd.  
Posco  
Power Machines  
Poyry PLC  
PTT Global Chemical Public Co. Ltd.  
PTT Public Company Limited  
Saipem Spa  
Shipping Corporation of India Ltd.  
SK Networks Co. Ltd.  
SNC - Lavalin Group Inc.  
Technip  
Toyo Engineering Corporation  
Tupolev Oao  
UCL Resources Limited  
United Aircraft Corporation  
Weir Group plc  
Zio Podolsk Machinery Plant